

# “Those ??&%\$ health care costs!”

## EXAMINING THE DOCTOR

While physicians account for only 20% of the total cost of health care — as opposed to 40% for hospitals — they influence the spending of a great number of health care dollars.

It is the physician who hospitalizes the patient, orders X-rays and lab tests, performs surgery, determines the length of stay, and prescribes medication. It's estimated that each physician generates about \$250,000 in health care expenses each year. And while Michigan's population grew 1.7% from 1974 to 1980, the number of physicians in the state climbed 26%. Projections indicate the physician supply will continue to rise through this decade.

Indicative of higher costs is that in the six years from 1976 through 1981 Blue Cross and Blue Shield of Michigan payments to physicians:

- Rose 99% for surgery.
- Increased 56% for diagnostic X-rays.
- Soared 118% for medical care (e.g., medical emergencies, EKGs, inpatient medical treatment, etc.).
- Climbed 74% for maternity care.

**TREATMENT FOR RISING COSTS**  
Blue Cross and Blue Shield has physician cost-restraining agreements that allow fee increases only once a year and only up to the increase in the cost of living. In addition, in the high cost areas of the state, physicians' maximum allowable payments were frozen

three years ago at 1978 levels. Our participating physicians are accepting lower fees than they could otherwise charge. The cost problem is less what physicians charge than the number of services they provide. Utilization of health care benefits appears to be the driving force behind soaring costs ... both in and out of the hospital.

NO ONE is doing more to curb costs than Blue Cross and Blue Shield of Michigan. In addition to limiting physician payments:

- We have established regional cost containment committees throughout the state to investigate the causes for high costs and to recommend actions to curb them.
- We review claims for "medical necessity."
- We encourage physicians to perform less costly outpatient surgery.
- We initiated a new foot surgery predetermination program to guard against unnecessary procedures.
- We have established a toll-free anti-fraud telephone hotline — 1-800-482-3787 — to receive reports of illegal activity.

Altogether, these and other cost containment programs saved our customers and subscribers \$339 million in professional service payments in 1981.

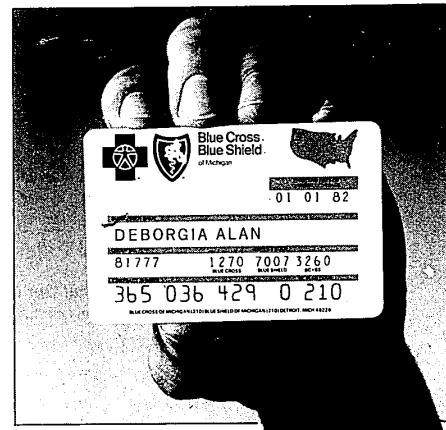
Blue Cross and Blue Shield is fighting high costs in hospitals too. While Michigan hospital costs increased significantly less than the national average last year, the state still has one of the highest health care cost bases in the nation. To help check the upward trend, BCBSM has:

- Agreements with hospitals placing a limit on annual budget increases.
- Adopted strict policies regarding pre-admission testing, weekend admissions, and excess bedding.

These and similar programs have saved all of us \$251 million in facility charges last year.

Rising health costs are everyone's responsibility, and everyone must do more. Here's what you can do.

- Don't request tests or prescriptions that aren't really necessary.
- If your doctor recommends surgery, it may be wise to get a second opinion.
- If your surgery can be performed in your physician's office or on an outpatient basis it will save costly hospital bills.
- Check all bills and statements to make certain you received all the medical services listed.
- Take good care of yourself! Exercise, and practice good health habits.



*Remember, rising costs must show up in the premiums you or your group pay.*

**It's good to belong.**



This is your good health card. Use it. But don't abuse it.